

Message Text

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41

ACTION EA-09

INFO OCT-01 ISO-00 INT-05 COME-00 SIL-01 LAB-04 SP-02

USIA-15 AID-05 EB-07 NSC-05 CIEP-02 TRSE-00 SS-15

STR-04 OMB-01 CEA-01 CIAE-00 DODE-00 INR-07 NSAE-00

PA-02 PRS-01 L-03 H-02 FEAE-00 /092 W

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R 120432Z MAR 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 3195

INFO AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS JAKARTA 3332

E.O. 11652: N/A

TAGS: ENRG, ID

SUBJ: MINES MINISTER SADLI COMMENTS ON THE PERTAMINA AFFAIR

1. SPEAKING MARCH 10 AT A DEPT. MINES INSTALLATION CEREMONY FOR THE REAPPOINTED PERTAMINA BOARD DIRECTORS, MINES MINISTER SADLI DECLARED THAT THE REORGANIZATION OF PERTAMINA IS NOT YET COMPLETED. THE GOVERNMENT'S STEPS AIMED AT OVERCOMING PERTAMINA'S PROBLEMS WOULD BE TAKEN IN STAGES, HE EXPLAINED. TOP PRIORITY WILL BE FINANCIAL AFFAIRS WHICH INVOLVE THE EXAMINATION OF ALL COMMERCIAL AND CONTRACTUAL COMMITMENTS. HE MENTIONED ONE OF THE SUBJECTS OF THE ONGOING REEXAMINATION WOULD BE OCEAN TANKERS.

2. SADLI STATED THAT PERTAMINA'S FINANCIAL PROBLEMS WERE A REFLECTION OF SERIOUS WEAKNESSES IN THE "POLICY, MANAGEMENT, ORGANIZATION, AND SYSTEMS PROCEDURES" IN THE PREVIOUS ADMINISTRATION. THE MINISTER SAID PERTAMINA'S TWO MAIN OBLIGATIONS TO THE GOVERNMENT WOULD BE: A) TO FURNISH HYDROCARBON PRODUCTS FOR DOMESTIC CONSUMPTION AND B) TO EXPAND EXPLORATION AND PRODUCTION EFFORTS TO INCREASE OUTPUT. HE INDICATED THAT PERTAMINA WOULD LESSEN

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ITS INVOLVEMENT IN PERIPHERAL ACTIVITIES SUCH AS TOURISM.

3. SADLI STRESSED IN HIS REMARKS THAT THE PERTAMINA "DISASTER" MUST NOT HAPPEN AGAIN AND THAT THE COMPANY SHOULD BE MORE SUSCEPTIBLE TO "SOCIAL CONTROL." HE SAID HE WANTED TO HAVE AN OPEN ADMINISTRATION SO THAT THE PUBLIC WOULD BE AWARE OF WHAT WAS GOING ON. THE NEWLY INSTALLED BOARD MEMBERS WERE URGED TO ABIDE BY THE PRINCIPLES OF "LIVING MODESTLY." IN THE PAST, THIS WAS A SENSITIVE ISSUE, HE ADDED.

4. THE MINISTER EMPHASIZED THAT THE PRODUCTION-SHARING SYSTEM WOULD NOT BE ABANDONED. PERTAMINA'S LEGITIMATE DEBTS TO FOREIGN SUPPLIERS WOULD BE SETTLED BY THE BEST POSSIBLE MEANS, HE SAID. HOWEVER, THESE COMPANIES SHOULD TAKE INTO ACCOUNT THE NORMAL PROCEDURES AND PRINCIPLES. HE STATED THE GOVERNMENT WOULD PLAY A GREATER ROLE IN PERTAMINA'S DECISION-MAKING PROCESS, INCLUDING THE FIXING OF OIL PRICES. PERTAMINA'S OUTSIDE BOARD OF COMMISSIONERS WOULD ALSO HAVE A GREATER SUPERVISORY POSITION.

5. IN CLOSING, SADLI TOLD THE NEW BOARD MEMBERS, "DON'T LET ME DOWN."
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